App. F. IX-4.

1920.

Previous references. (Legis) **File No.** 2 - 20.

47 89 - 19(1-2)

Serial Nos.

Later references.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. one

A. Manuscript ~~Part B~~ for July 1928.

SUBJECT —

The Government Securities Regulation

VII of 1925.

Ramaswamy Iyengar.
14/10/26.

(1920)

Previous Reference
G.F. 89 of 19 (1-2)

File NO. 2 of 1920.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

PROCEEDINGS OF THE GENERAL AND REVENUE SECRETARIAT.

For July 1925.

Judicial and Legislative

Legislation.

"A" Collection. Serial NOs. 1

Subject. The Government Securities Regulation.

Table of contents.

Serial NO of File	Number and date of letter and contents	Page in A Progs
	NO. P 216 dated 16th July 1925, to the Compiler, Mysore Gazette. Ordered that the Government Securities Regulation, which received the assent of His Highness the Maharaja on the 9th day of July 1925, be published as Regulation NO.VIII of 1925.	

TVR

G. R. S. III—1] 1920.

GENERAL AND REVENUE SECRETARIAT.

(Legs.)

NOTES.

S 7-89-19

File No. 2-20

FILE HEADING.

Amendment of the Government Securities Regulation, 1894

From

No.	Dated	Received
Diary No.	Enclos. Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

Extract from the notes in S. 7-89-19 resp. secy.

The Govt. of India are also taking steps to facilitate small holders to dispense with certain legal

NOTES—First Sheet.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Subd

Kind reference is invited to para 16 of the Financial Secretary's note dated 14.11.1919 in G 7 89-19-16

B/R November 1919.

It is for orders if the may be sent to the Legislative Branch for necessary further action

S.P.S.
8/6/1/1920.

3) This may be forwarded to the legislative branch for necessary further action with reference to para 16 on page 5 of G.7 89-16 the file placed below :-

6.1.1920.

Subd
6.1.20

Y.S.

4) Yes
B/R
8/1/1920

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

6/1

5) Subd for perusal & orders

Repeal

Read

Draft telegram on the lines of the memo

. R. S. III-21

General and Revenue Secretariat. | Legs. File No. of 1920

Serial No.

Subd.

1) The Govt. of India Act X of 1920 consolidates and amends the law relating to Govt. Securities repealing the old Act. It is for orders if our Regulation of 1894 may ~~also~~ similarly be repealed and a fresh Bill ~~adopting~~ prepared adopting the provisions of the British Act X of 1920. If this is approved, may ~~it~~ be copies of the Act be got to facilitate the preparation of the Bill?

2) The consolidating Act of 1920 makes many changes in the Act of 1886 (on which is based our Regn.) only about 8 Sections being retained in the original form

3) The alterations made and the object with which it was made are indicated in the Statement of Objects & Reasons.

For orders

8/6

20/6

NOTE—Contn. sheet.

R. S. III-21

General and Revenue Secretariat.

Legs File No. 9 of 1920

Serial No.

1761

1. The Hon'ble Member has already ordered on the 4 & 7 file put up that an Regulation may be amended on the lines of the Govt of India Bill which has now become law. If agreed the Library will be requested to get 6 copies of the Act X of 1920 and action to prepare a bill taken after the receipt of the copies

Asst 31/7 5 Govt but Govt have taken action on the Gazette copy D. Asst 1/8

To the Library for ordering for 6 copies of the Act & returning the file for further action

Asst 4/8

Action taken separately. File returned to Br.

23.8.20

6) Submits with a draft Bill with Statement of Objects & Reasons. Necessary changes have been made in the Land Revenue Act of 1920. The limit of small holdings up to which the Special

2.

NOTE—Contn. sheet.

Serial No.

are provided is placed at Rs 5000 in the Govt. of India Act the Comptroller has in his letter of 24th Sep. 1915 suggested that it may be placed at Rs 1000 in our Regulation so ~~The~~ to the words "five thousand rupees" in clauses 18 & 19 have been changed, subject to approval into "one thousand rupees

Submd. for orders

S.G.

S.G. 28/8

It will be seen from the Comptr's letter referred to that the limit of Rs 1000 was suggested in view of the risks involved in dispensing with legal formalities. Now that a provision in the case of small holdings is to be made in the Regulation itself, it is for consideration if the limit of Rs 5000 laid down in the Govt of India Act may not be adopted here also. It seems may be consulted

AA 23/9

SG In Bombay thousands of cases may arise involving vast amounts, and

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat.

Legis File No. 2 of 19

COMPTROLLER'S OFFICE, 209/K 18 JAN 1921 BANGALORE.

6

Serial No.

hence the maximum limit seems to have been fixed at Rs: 5000/ I think there will not be many such cases in our State, and for our purposes the limit of Rs: 1000/ seems to be sufficient.

9) Please have the Sht of O & R. typed

P. Main... D. Main... 11.10

10) Submitted with a typed copy of O & R.

R. 9/10
Asst 11/10

11) Mr. Supdt will please examine the Bill carefully & the enclosures

P. Main... D. Main... 18/10

Supdt

12) The draft bill has been gone through again. As is usual in such cases the file may perhaps be sent to the Head of the Dept — the Comptroller or the Financial Secy in this case — for favor of remarks on the draft bill

Asst 22/12

13) For favor of remarks

D. Main... 1/1

Supdt Secy:

1) The Comptr may be consulted to offer his remarks, if any, on the draft — in the first instance.

2243/5.1.21 Legis) 15/1/21 Comptr) 18/1/21 180/5.1.1921

Comptr) with Compliments

NOTE—Contn. sheet.

G. R. S. III-2] 08055

General and Revenue Secretariat. | File No. 2 of 1920.

Serial No.

75. R

U.O.No. 359/PD dated 30-8-1921 Ejou
1113

There has been some unavoidable delay in the disposal of this subject which was referred to this office for opinion in January last. The file was referred to Mr. Venkatanaranappa who was then the Offic in charge of the Public Debt Section. As he could no find time to dispose of the subject prior to his deputation to Jamshedpur, he took the file with him to Jamshedpur and has now returned it with his opinion.

(2) A copy of Mr. Venkatanaranappa's note on the proposed Securities Regulation is enclosed herein. I agree with the proposals made by him and they may be included in our proposed Regulation. The idea of nominating successors to the Promissory Notes is very good, though it will entail some heavy work in this office. Enquiries have often been made by the public as to whether nominations would be accepted for the Mysore State Loan Bonds. We may therefore go one ste in advance than the Government of India and legalise the registration of nominees even while the holder is alive. This would be a very great blessing to the investing public, since it will do away with the very great inconvenience which results after the death of the holder. Of course this proposal will involve a loss of stamp revenue to Government. But considering the blessing it confers upon the investing public and that

NOTE.—Contn. sheet.

Serial No.

that Mysore Loans have come to be a feature of Mysore finance, I think we may neglect this minor loss. As matter of fact we are having the system of nomination for insurance, provident fund and savings bank.

(7) (3) In this connection I would like to reiterate Mr. Venkatanaranappa's proposal regarding the revisio of the rules, under the Securities Regulation. Pend ing the revision of the rules, I had already proposed certain changes to be incorporated in the rules under the Mysore Securities Regulation. Now that the Secu- rities Regulation is going to be amended in the light of the Indian Securities Act, I would suggest taking up simultaneously the revision of the rules under the Securities Regulation. The rules are, from the point of view of my office and the general public, much mor important than the Act itself becuase the rules defin the powers of the various officers and the procedure to be adopted in certain cases. If my proposals rega ing the necessity for the immediate revision of the rules under the Securities Regulation are approved, t legislative branch might be requested to take the matter on hand immediately and send me a copy of the proposed rules to be issued under the Mysore Securi- ties Regulation.

30.5.24

Offg: Comptroller.

The recognition of the right of a heir to the securities held by a deceased person is beset with considerable difficulties at present. The heir will have to seek the aid of a court of Law to establish his right and this involves considerable delay and expenditure of money. In the case of people living at a distance from the Head-quarters of the Courts, also means considerable worry and long periods of absence from their natural vocations. It is therefore no wonder that this difficulty has proved a very great obstacle in the way of the popularity of Government Securities in general.

In the case of the securities of the lower denominations such as R.12-8-0 and R.25, it may even prove very often that the cost of establishing the right will be more than the value of the security itself. It is therefore necessary to provide greater an speedier means for the recognition of the securities held by a deceased person.

Section 19 of the British Indian Act provides fo this; but in my opinion this does not go far enough Six months is too long to wait for the drawing of interest etc. The death of the ~~head~~breadwinner of the family means considerable suffering to the survivors and it would be hard to ask them to wait for six mont before they can touch the interest on the savings, which may, in the case of some, represent the whole of the assets of the deceased. We have prescribed a limit of three months in the case of the balance at the credit of a deceased depositor in the Government Savings Banks. No body has till now complained that this period is insufficient. On the contrary, the complaint has been that the period is too long and tha it is a hardship to enforce this even in cases free from any doubt. I think we may adopt the limit of three months as a general rule.

~~rule~~. I am aware that the period of three months is too short to obtain a probate from a Court of Law; and to avoid any risk to the rightful claimants. we may provide for the Court , giving notice to the prescribed Officer of the claim to the securities, in which case the prescribed Officer will take no action under this section. I may also state that in the Bill as first introduced in the Legislative Council, the Government of India had prescribed only three months, but this was later changed into six by the select Committee.

In cases, where the face-value of the securities held by a deceased person does not in the aggregate exceed Rs.500, I think we should do away with this period of waiting. Later on, I have proposed that the deciding authority in such cases should be the District Treasury Officer. He will have to conduct his enquiry through the Amildar and the Taluk executive staff. The finding of the Sheikdar or the Shanbogue will be supported by a mutchalika from a Panchayat and all this procedure will sufficiently publish the facts in the villages and the rightful claimant—supposing that the person who has applied to the Treasury Officer is not the rightful claimant—can invoke the aid of law, if necessary. In such cases, I think that no time limit should be prescribed and the Treasury Officer allowed to pay interest and endorse the security in favour of the claimant, if after making such enquiries, as he thinks necessary, he is satisfied of the claim. I do not believe that there is much risk in this procedure of the rights of the real heir being ignored. The District Treasury Officer is an Officer of sufficiently high status and ability and is moreover, by the nature of his duties, not likely to be influenced by local ~~kinlcare~~ knowledge, etc.etc. If, however, the Government are not wholly in favour

of this, I am agreeable to the limit of Rs.500, being reduced to R.250, but would like to see that no time-limit is enforced in the case of persons inheriting securities of small value.

The limit of Rs.5,000/-, prescribed in section 19, of the British Indian Act has been reduced to R.1,000, in the proposed section 18 of our Regulation. The limit of Rs.1,000, prescribed by the older Act has been deliberately raised In British India, and it seems to me that the limit of R.1,000, has been kept unaltered here, because there are fewer cases of persons holding securities of more than R.1,000 value. But this is no reason why a simpler and more summary procedure should not be made available to the heirs of such persons, even in Mysore and I think that we may also keep R.5,000 as the maximum limit.

Another method which will provide for the speedier recognition of heirs is to provide for a system of nomination. Any holder of a promissory-note, or stock certificate, may be allowed to nominate the person, or persons, in whose favour the notes should be made out, after his death. In the case of Stock certificates, this presents no difficulty, but in the case of Promissory Notes, it may be argued that this will come in the way of the holder negotiating the security. There is no reason why it should be so. The holder will have the liberty to pledge, sell or otherwise negotiate the security, just as if he had made no nomination and the nomination will have effect, only if the holder dies possessed of them. Even in the Savings Bank, depositor may make a nomination, when he has a balance of, say, R.1,000. This does not bind him to keep the balance always at R.1,000, or higher. The nominee will get the balance, whatever it is. It is even conceivable that the depositor has closed his account. Similarly the making of a will does not in any way,

take away any rights from the owner of the properti s The nominees under the Will get what the person died possessed of. Similarly, a holder of Government Security can nominate his heirs in respect of specified Government Securities—Promissory Notes or Stock Certificates, and the nominee will be entitled to the only if the holder had legal possession of them at the time of his death and not otherwise. During his lifetime he has the liberty to dispose of the note as best as he likes. In the Savings Bank, the registration of a nominee is certified on the pass book itself, but this need not be done on the Government Securities. The rules for nomination in the Savings Bank, provide for the money being made over to the nominee only after three months. This, I think, is intended to protect against a person making a nomination and thus defrauding his joint [illegible] in a Hindu joint family. For the same reason the period of three months may remain unaltered in the case of nominations in connection with our securities. But, for reasons already given, I would like to see no such restriction placed in the case of securities, whose face-value amounts to Rs.500, or less. I may add that in the case of nominations under the Insurance scheme, there is no time prescribed.

Proposed section 18. amended in the manner set forth above would read as follows:-

18 (1) If within three months of the death of a person, who was entitled to a Government Security or securities (other than a security payable to bearer) of probate of the will or letters of administration of such person or a certificate granted under the Succession Certificate Regulation, 1901, or if no notice of such application for such probate or letters of administration, or certificate having been made, is received from the Court concerned; such officer may recognise the title of the nominee made by the deceased holder and register

on his books, or if no such nomination has been made, may, after enquiry in the manner provided in subsections (2) and (3) of section 12, determine who is the person entitled to the security or securities or to administer the estate of the deceased and may (a) in the case of any such security relating to a loan due for repayment authorise payment of the amount due thereon to such nominee or person; and

(b) in the case of any such security relating to a loan not due for repayment, authorise in the case of a Promissory Note, the renewal of such promissory Note, or in the case of stock, the registration of the name of such person in substitution for the name of the deceased

(2) Where the face-value of the securities held by a deceased person does not in the aggregate exceed .500, the time limit referred to in subsection (1) does not apply.

(3) Sub-section (2) of the British Act will alter to subsections (1) and (2) in line (2)

(4) Subsection (3) of the British Act with a similar change in line (3)

If the idea of nomination suggested above be approved, then a new subsection will have to be inserted. This will be between the proposed rules,(f) and(g

The manner in which, and the officer to whom applications for nomination should be made, and the manner in in which they should be registered.:-

I am aware that the above proposal which is calculated to invest Government Officers with wide discreting powers is likely to meet with considerable opposition from the non-official members of the Legislative Council. The changes recently adopted in the Insurance Regulation provoked considerable opposition and these changes which are somewhat more liberal will not in all likelihood escape criticism. The critics

15

are either unaware of the various hardships devolving on the heirs, if a Court Certificate is insisted upon, or choose to ignore this consideration in their anxiety to prevent what they think would inevitably lead to the abuse of powers vested in officials. But I am certain that these motives will be welcomed by all those persons, who inherit Government Securities. After all, sufficient precautions have been provided and the eventual miscarriage of justice is highly improbable. I would therefore strongly advocate the adoption of the changes recommended above.

Proposed section (19):- For reasons already stated, I should like that the limit of Rs.5,000 be retained. In section (2-A) Treasury bills have been scored out in the draft. It is no doubt true, that we have no treasury bills at present, but there is no harm in providing for them by including them in Promissory Notes. This might save us the trouble of amending the Act in future.

The rules to be framed under the Securities Regulation are much more important for the public than the Act itself and we might, therefore, as was done in the Imperial Council place in the hands of the members of the select committee a set of rules which are proposed to be issued. In this view, I have adapted a set of the British Indian rules which I enclose herewith. Most of the alterations are verbal and have been made to suit the conditions obtaining in Mysore. Rule 36, however, has been modified to suit the amendment of the Act proposed above. The District Treasury Officers have been given the power to recognise the heir in cases where the aggregate value of the securities left by a deceased holder does not exceed Rs.500.

36(1) The Comptroller may determine the person

entitled to the security or securities of a deceased person, aggregating not more than Rs.500, and may in general exercise the functions and perform the duties referred to in section 19 of the Act.

(2) Where the aggregate value of securities held by a deceased person does not exceed Rs.500, the duties and functions referred to in the above section may be exercised by the District Treasury Officer of the District in which the security or securities have been enfaced for payment of interest.

36(a) Every application for the registry of the nomination of a heir shall be addressed to the Comptroller and shall be in form No. The application should be signed in the presence of the Comptroller, or the District Treasury Officer or a Magistrate. The promissory notes or the Stock-certificates should be produced before such an Officer who will examine and return them. The application should be forwarded to the Comptroller, who will acknowledge its receipt and register the nomination in his books.

In cases, where the aggregate value of the securities held by a person does not exceed Rs.500, the Comptroller shall communicate the nomination to the District Treasury Officer of the District where the securities have been enfaced for payment of interest and the Treasury officer will similarly register the nomination on his books.

Where the bonds are transferred to another District for payment of interest, the District Treasury Officer will, at the same time, give intimation of the nomination.

Compt
30.8.21

1764

J. R. S. III-2]

General and Revenue Secretariat.

Legn File No. 2 of 1920.

1578-20

685-21/20

Serial No.

1) Recommitted with respect to financial secretary's order dated 18th January 1921 on page 6 of two notes.

Please see marginal remarks in the A.G's note.

2) The draft prepared in the Legislative Department on the lines of the recent Act is suitable and may be proceeded with, with the modification of retaining the limit of 5000 Rs in lieu of 1000 in Section 18 as in the corresponding provision in Madras. The lower limit proposed will not be of any appreciable advantage to investors.

The Comptroller's view in this matter may be accepted.

2) The next important point suggested by the Comptroller is for making provision for registration of nominees of holders of securities.

This question is, I think, beset with practical difficulties. The securities are what are called negotiable instruments, and the idea of nomination in respect of them seems to be incongruous. Such a provision can perhaps apply only in respect of Govt. Stock, the holders of which will be registered in the books of the Public Debt Office, and transfers of which can be effected only by deed. In such cases the interests of persons

NOTE—Contn. sheet.

Serial No.

whom the Secretary had been in the habit of the second ~~regarded~~ without undergoing the tedious process of obtaining successive certificates may be secured by trust deeds or powers of attorney or other documents - Provision has been made for this in the draft as it now stands. If it is ~~may~~ also ~~add~~ another ~~provision for~~ power for making rules for recognising nominations - in which of Board - may perhaps be taken - also.

(3) The next point that is referred by the Committee is the desirability of a having a draft of rules under the new Secretary's Act as proposed, prepared, simultaneously with the draft Bill for ~~consideration~~ - by the Legislative branch -

The drafting of the rules ~~has~~ could has been done by the Legislative Department, and the Committee might be asked to send up the draft ~~Act~~ based on the Govt. rules - with such modifications as he considers necessary -

(4). There is another ~~point~~ other point which may be brought ~~to notice~~ in this note.

In the Govt. Act and the Bill as now drafted ~~in the Act~~, there is no specific legal authority for the issue of a ~~summons~~ summons, with ~~some~~ certain Expenses attached. There

NOTE—Contn. sheet.

Serial No.

has been given discussion on the legality of issue of such forms of bonds in response to our recent loans and ~~should~~ also it is well that steps should be taken in placing the matter of the legality of issue of such bonds beyond any doubt by inserting in the ~~Council~~ new regulation —.

961 Secy/ 3/10

1.10.14

Section 2 (a).--The words "but does not include a currency note" may be omitted.

Section 18.--The maximum limit of Rs.5,000 may be retained as in the Government of India Act. The cases in which this relief is required are the same in Mysore and in British India.

In cases authorised to be dealt with under summary procedure , the Government of India law quires that a period of six months should have from the date of death of the last holder. The troller propose to reduce this period to three ~~The~~ Needy persons may no doubt feel this period somewhat long but it is not longer than is necessary for protecting the interests of claimants.

The Comptroller proposes a still more simplified summary procedure for settling the right to -- securities of the face value of Rs.500 and less, belong to deceased holders. Questions relating to rights property have to be settled and it does not appe

to

NOTE—Contn. sheet.

Serial No.

to be desirable to make the procedure simpler or mor summary than that prescribed in Section 18.

2. The Comptroller proposes that holders of securities may be given the privilege of appointing nominees for their holdings corresponding to the system of nomination in force in regard to Insurance, Provident Fund and Savings Bank deposits. The power of nomination would interfere with the free negotiabilit of securities and the arrangement would affect the essential character of Government securities. The vantages of nomination can be easily be secured by having promissory notes and stock certificates made out in the names of two or more persons severally. survivors of original holders and even their repres tatives get the right to securities without the in vention of Law Courts.

3. As proposed by the Comptroller, it is desira to issue the rules under the new law as soon as the law is passed. He may be asked to submit draft rul

4. In connection with the loan recently floated us, the desirability of providing for a pronote form of security with bearer-interest coupons attached it was considered. The Government of India law does not specifically refer to this form of security. As practically all the advantages of such combination ca be had by taking stock certificates, it is not nece sary to introduce an innovation, not found in the of India law.

NOTE—Contn. sheet.

To Legislative Dept

29.1

General and Revenue Secretariat. | Reg. File No. 7. of 1920.

Serial No.

30) The changes recommended by the Financial Expert as conveyed in Letter No. 2,074 have been embodied in the draft Bill & Sections 2, 18 & 19 have been suitably modified

Submitted for orders

Done, 15/-
21/4/20
A.S.
Appd 27/4

31) It is already a long time since this was drafted but kept by for various reasons. In the meanwhile various other points requiring solution must have arisen. In order that the Regulation may be complete as far as possible, it is necessary to refer the question back again to the Comptroller for favour of remarks, in the light of the experience gained during this period.

32) The Comptroller is requested to kindly incorporate all that he considers necessary, in the light of experience gained, to make the Regulation cover points that have since arisen for solution

Cag 26/4

NOTE—Contn. sheet.

R. S. L.-2).

General and Revenue Secretariat. | Legs. File No. 2 of 1920

Serial No.

Forwarded with Compliments to the Comptroller for favour of remarks

Car 26/9

SL No. J.2 dated ~~14th~~ July 1923.

A note of the points noticed in the light of experience gained in the working of our State Loans for the past 2 years(which however it must be stat is too short a period for arriving at a definite decision) has been drawn up by the Assistant Comptr ler in charge of the State Loan Section, which with my further note of observations thereon is placed below.

T. Sadasivaya Chetty
Comptroller.

CV/14

Subd. In the note put up by the comptroller I can only suggest change that is approved of by the comptroller is as regards the recognition of endorsements made by certain firms in British India by the designation of the holder even this is to be provided only in the Rules. No furth change in the Bill seems called for

8/9/24.

NOTE.—Contn. sheet.

G. R. S. III-2.

General and Revenue Secretariat.

Regs File No. 7 of 1921

Serial No.

The bill is based on the Govt of India Act of 1920, with necessary verbal alterations, and changes that were proposed by the Financial Dept. The bill has been scrutinized by the Fin! Dept and the Comptroller. Some of the changes that were recently proposed by the Asste Comptroller were not approved by the Comptroller and most of them are matters, matters to be provided for in the rules. There are two modifications proposed viz under secs 6 and 18 which may have to be provided for in the Regulation itself. In Sec 6 (1) a Sub-Clause, recognising endorsements of Offices in Br India, similar to the provision in Sec 6 regarding Mysore officers, may have to be added. In Sec 18 period of limitation is proposed to be reduced from 6 to 2 years. These matters may perhaps be left to the Select Committee to decide.

The bill as drafted may be approved, for being placed before the RA in June next or for introduction in the Legislative Council. Any

NOTE—Contn. sheet.

3/4/21

G. R. S. III-2]

General and Revenue Secretariat. | Legn. File No. A of 19 20

Serial No.

further changes considered desirable may be left to the Select Committee Stage. This is an urgent measure and has been ordered to be placed before the Rep. Assembly in June next.

Lt Secy
1st Member

C Akbari (Clerk) Cag 25/4

B. Nag

Dewan

Lapse Law
A R Bhandari

Cag 7/5

This is a Comml matter, and assent of His Highness has to be obtained before placing the Statement before the Rep. Assembly or introducing the bills in the Legislative Council. May perhaps be disposed of by Circulation.

Rev Secy
Ch. Secy with Compts

Cag 22/5

Encl (K [illegible])
13/5/42 Lapse
Mysore

I agree Sd K. R Sastri
16/5

NOTE—Contn. sheet.

General and Revenue Secretariat.

Leg File No. 2 of 1920

Serial No.

4 Encls. with a typed statement re. the Govt. Securities Amendin Bill for being placed before the R. A.

As the connected file was not available the statement has been prepared by a comparison of the existing Regulation with the new Govt. of India Act

Sec 5 (1) 28/5 Leg

(5) The Statement may be approved, for being placed before the Representative assembly. (In the absence of the file, the Statement has been prepared on a Comparison of our existing Regulation, and the Govt of India Act 1920, which forms the basis of the Amending Regulation.

The file has since been traced, and is in the Final Secty for Final note. I have asked for its submission to Govt

cag 28/5

together with the notes in the Final Secty and this branch.

L+L Secy

Govt

C Hindley cag 28/5

cag 28/5

AR [illegible]

cag 28/5

NOTE—Contn. sheet.

35 27

Statement to be placed before Representati' Assembly re. amendment of the Government Securities Regulation, 1894.

The Indian Securities Act, 1886 on which the Mysore Government Securities Regulation 1894, is based has been amended by the Government of India Act X of 1920. The question of amending the Mysore Regulation on similar lines has been engaging the attention of Government for some time past and it is now proposed to introduce an amending and consolidating Bill.

By this Bill (i) certain matters of procedure, such as renewal of securities, recognition of legal representatives, provision for indemnities &c. for which the existing Regulation does not provide, but which are now adopted under orders of Government, will be placed on a statutory basis.

2. The present rigidity as regards notice of trust will be relaxed and greater facilities given to the public in the matter of securities held in trust. Satisfaction as to the appointment of an executor or administrator will be sufficient for recognition.

3. As regards renewal of promissory notes provision will be made for recognition of a member of a Joint Hindu family as its manager on production of a certificate from a magistrate.

4. Better provision than exists at present will be made for settlement of disputed claims. The prescribed officer may hereafter himself enquire into the claim and may declare any party entitled to the renewed security and if

issue the same 3 months after such declaration, unless notice of proceedings in a proper court of law are received in the meanwhile.

5. Provision will be made for conversion, consolidation or sub division of any security.

6. Summary procedure will be laid down to expeditiously meet claims in respect of small holdings standing in the names of deceased persons.

7. Powers will be taken to prescribe the procedure to be followed in the case of securities of value up to Rs 5000 held by minors or lunatics, dispensing thereby with the usual and elaborate formalities that would ordinarily be required.

8. Provision will be made for the taking of indemnities where duplicates have to be issued or in cases where the claimants' title is doubtful or where the claim itself is disputed.

9. The works, registers etc., of the Public Debt ~~Department~~ offices will be of a confidential character, inspection being allowed only under circumstances and in the manner to be prescribed by rules.

10. False statements made in proceedings in respect of securities for obtaining payment or renewal will be penalise

(For Disposal by Circulation.)

No. C. 447
of 1923-4

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

Amendment of the Government Securities Regulation of 1894.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

14th May 19.24

Chief Secretary to Government.

Extraordinary Member of Council.

First Member of Council.

Second Member of Council.

Third Member of Council.

Submitted to His Highness.

47/ Our Securities Regulation was passed on 29th September 1894 and it is, therefore, nearly 30 years old. The Government of India Act on which our law was modelled has been amplified and revised and our Regulation requires to be brought up to date. The recent floatation of loans by us and the inconvenience felt in deciding, under the present law, the cases that arise have, emphasised the need for amending the existing Regulation on the lines of the latest British Indian Act. The main objects of the amendment are the following:--

1. Simplification of the procedure for deciding the rights of heirs of holders of securities of the value of Rs. 5,000 and under.
2. To legalise certain matters in the existing practice and procedure which it is desirable to maintain but of which the legal basis is at present doubtful.
3. To obviate difficulties and delays which are at present liable to occur, in cases of disputed or doubtful claims on promissory notes, in discovering who is the Government's legal creditor in respect of such notes, and
4. To relax the present procedure in certain matters, such as receiving notice of a trust and securities held by office holders.

48/ I request the gracious approval of His Highness for taking action to consolidate and amend the law on the above lines. The matter will be placed before the Representative Assembly and the Bill introduced in the Legislative Council in the usual course.

Bangalore,
6th June 1924.

JUN 1924

CSR.

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

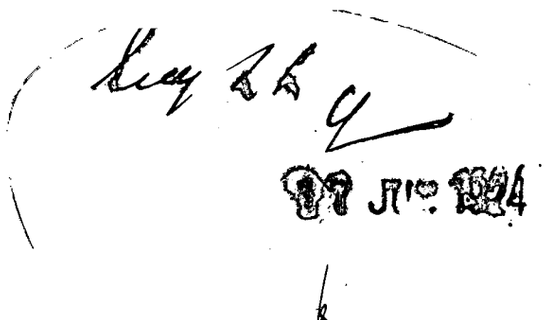
Bill to consolidate and amend the law relating to Government Securities.

946

Order.

KRW

14/6/24



4037

22 of 24
P 6

31
C447

General and Revenue Secretariat.

Bill to amend and Consolidate the Law relating to Govt. Securities.

(*)

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to the Members of Council for perusal of

His Highness' orders $\frac{\text{before}}{\text{after}}$ * issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure)

Chief Secretary to Govt.

Through the Secretary to Government.

.....Department.

10500
17.6.24

FIRST MEMBER OF COUNCIL. 17/6

368
18.6

SECOND MEMBER OF COUNCIL. 18/6

41

THIRD MEMBER OF COUNCIL.

Secy. L and L wm Comptt.

6
1966

Note—Contn. sheet.

WD 1190—GPB—500 9-1-3.

20/6 17/6.

General and Revenue Secretariat. Legs. File No. 2 of 19 20.

Serial No.

The Bill has been published & is to be read & referred to the Select Committee at the next Legislative meeting.

Orders for orders as to the selection of the members of the committee

The Finl. Secy. is in charge of the Bill

11/11/24

1. The Finl Secretary
2. Mr. K. Mallan
3. ~~Mr. K. Chandy~~
4. Mr. Bhagappa
5. Mr. Chennia
6. ~~Mr. Abbas Khan~~ Mr. B. V. Manjappa
7. Mr. Shivaramachar
8. ~~Mr. V. Krishnamachar~~ Mr. Khaleel Sayeed

Finl Secy 5/11 with Comptr 15/11

Perhaps not necessary to have so many members.

R 12/11

4/11

15

Fl 499/24

I think this is a matter on which the orders of the Member of Council who will be the chairman of the Select Committee may be taken. I do not know the usual strength of a Select Committee. If the no can be reduced below 8 as proposed above it may be done

12-11

13/11/24

I think the first Member will probably be the chairman

Mem 14-11-24

If so desired I shall have no objection. Any reason may then be recorded in writing

Mem 14.11.24

NOTE—Contn. sheet.

Member 15/11 18/11

Use of member's name may be included in list

Legal) 18/11

Noted this & return to Mr

19/11

Noted. To Parly Br. with compts. 20.11.24

X 999/24

The Bill has passed thro' the Select Committee stage and we may get the draft rules ready. Please put up copy of the rules of Orig J and open a separate file for dealing with the case & rules. Amb 2/2/25

2/2/25

A copy of the latest rules under the Govt of India Sec. Regn is put up (vide Appendix II)

Subs noted

G. R. S. III-21

General and Revenue Secretariat.	File No.	of 19

Serial No.

Please take a Copy of the Secy's note dated 2-2-25 on a separate sheet of paper & open a new file as ordered. This file may be recorded after the receipt of the orders of the Govt. of India in the Legislative Department & the file returned to this Secretariat.

23/2

vide ~~G.~~ 7125-26. ~~Vide~~ — Secy

An Extract of the Secy's note has been taken on a separate file opened for rules to be framed under the Act. The file cannot be recorded as it is still current till the Regulation is finally passed into Law; this file will be required in the Legis Branch and it will be sent there if approved.

Talku W/S 23/2/25

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat.

Legislative File No. 2 of 1926

Serial No.

REGD. 29 JUN 1925 9584

(46) The Bill was passed at the meeting held on the 19th June 1926

(47) Submitted to Dr. Sir for sanction to promulgate the Bill as an Act.

S.J. 25/6/26

(48) For appt

Appt 26/6 A.S.R

Lt. Secy

Xerox

CAL

26/6

B. Legislative

26/6

26/6

Typist 26/6

44

36

NOTE—Contn. sheet.

Submitted to His Highness.

Para 21 of Office Notes

59) His Highness was graciously pleased to accord sanction on 14-6-1924 to place the Bill to consolidate and amend the Law relating to Government Securities before the Representative Assembly and Legislative Council. After approval of the principles of the Bill by the Representative Assembly, the Bill was introduced into the Legislative Council. The Bill was referred to a select Committee whose report was adopted by the Council and the Bill as amended by the Select Committee was finally passed on the 17th June 1925. A copy of the Bill, as finally passed, is placed in the file.

60) The gracious sanction of His Highness is now solicited to promulgate the Bill into Law.

Bangalore,
30th June 1925.

EWU.

37

Record of Cases submitted for the Order of His Highness the Maharaja.

Subject.

Promulgation of the Bill to consolidate and amend the law relating to Government Securities.

61 *Order.*

KRW

9/7/25

Legy 6.6

Legy 10/7

62y

C Alderson

General and Revenue Secretariat.

File No. 2 of 19 27

Serial No

63) Endn. with a draft order formulating the Rule into Law

Sd/ 19/7/25

64) Issue

14.7

To the Compiler, Mysore Legislative

L.O. no P. 216 dt 16/7/25.

Publishes the Forest Security Regulation which received the assent of H.H. the Yuvaraj dated into Law on 9.7.25, as Regulation no VIII of 1925, for general information.

24

39

NOTE—Contn. Sheet

MYSORE SECURITIES REGULATION

(The references in this note are to the Sections in the Government of India Act No.X-1920)

Section 4, Clause (b).

The Select Committee introduced the words 'or to the Representative of the deceased' in order to place him on the same footing as surviving holder. In practice this involves considerable trouble and no benefit really accrues to the representative of the deceased as no certificate either by a Court of Law or a Magistrate could be obtained ordinarily by him within 6 months of the death of the alternative holder and thus the surviving holder will always be in a better position to assert his right and get it recognised long before the representative can get out the necessary certificate as there is no rule that we need wait for any prescribed period to recognise his, the survivor's right. Thus the existence of this provision does not afford any relief to the representatives of the deceas and would not be of much value unless the pronote happens to be in the hands of such representative. I do not know therefore, if a provision need be made at all in our Regulations to meet such a remote contingency since under Sub Section (3) the representatives of the deceased always have the right of establishing their title in a Civil Court and in any case their claim ha to be investigated either by a Civil Court or a Magistrate before we transfer the bonds to them.

The inclusion of this will, however, give trouble in working the Regulation as in case the representative of the deceased gives us notice that he is taking steps to assert his rights and the surviving holder sends the bonds to us for renewal, we cannot refuse to renew as he is legally entitled for renewal and at the same time we cannot satisfy the representative that he has given us notice as we cannot afford any relief to him as the Regulation would stand.

If my view is accepted 4(b) may be deleted and 'or alternatively' added after 'jointly' in '4a' and the word 'and' at the end of '4a' also deleted. The Section would then read as under:

"(a) When a Government Security is payable to two or more persons jointly or severally and either or any of them dies, the security shall be payable to the survivor or survivors of those persons."

Section (6)

We are recognising in practice, endorsements made by the official designation of holders in British India authorised to hold securities in their official capacity. This has to legalised by adding a suitable Sub Section in the rules.

Section 7.

25 40

may be retained since we have already had cases wherein other Rulers of Indian States have purchased our bonds and th may desire concessions similar to these afforded in British India.

Section 8 (Please see my further Notes in Section 16(2).

This Section, I consider, is very harmful from the point of view, both of the Public Debt Office and that of the Purchaser, in the transactions that ordinarily take place. I should think that a Section corresponding to Sections 35,36 and 37 of the Negotiable Instruments Regulation giving each holder in due course, and of course the Public Debt Office when it renews bonds, the right to make the previous endorsee responsible or liable to make good the loss consequent on any flaw in the chain of endorsements, would be very wholesome. I do not know the circumstances under which this Section was introduced and why it has been retained even though, if what I understand is correct, the Government of India - I mean the officers of the Government of India- had to compensate in a few cases holders when they accepted bonds for renewal, the chain of endorsements in which was questioned. I think in such cases such officers (or Government on their behalf) last holders when Government is not the last holder should be able to enforce the previous holder's liability to pay the damage and thus recoup themselves from the loss. If this be allowed each person in the chain of endorsements would be liable to the previous holder & perhaps when a suit is filed, the defendant will, in turn, ask the previous endorsee to be made a party to the suit and so on, and the Court would be able to fix the responsibility for the damage on the person really responsible and thus save innocent intermediary holders in due course all the annoyance which they are now experiencing consequent on the Public Debt Office - to wit, Government refusing to renew bonds because the chain of endorsement is irregular.

I think the matter really deserves serious consideration and some relief has to be afforded to holders in due course and to Government Officers accepting bonds for renewal in cases where, consequent on some false link in the chain, they are to be put to loss.

I would venture to suggest that Section 7 be removed and a provision-slightly modified perhaps- as per Sections 35, 36 & 37 of the Negotiable Instrument Regulation, introduced.

Section 13

I should think evidence should be recorded on oath. I must admit that even on oath people forswear themselves frightfully and when not on oath I should think there would be no limit to the extent of false evidence that may be adduced by a scheming witness. When evidence is recorded on oath, should it be false, there is always the fear in the witness that he is liable to serve a certain term in jail and I think this is a very wholesome fear. I am aware that Section 23(1) provides for punishment for false evidence. But our people are always accustomed to have evidence recorded on oath and I think a diverse procedure would make them believe that latitude is given for false statement.

Especially when, as contemplated by the rules, the Comptroller who is a Civil Officer is recording evidence, I should consider this safeguard very necessary. It would not be out of place here to find out the procedure obtaining in the Courts of Registrars of Co-operative Societies who sit as Civil Courts. I think they are taking down evidence on oath. As the Comptroller is adjudicating Civil rights in this case he is a 'Civil Court' here for all practical purposes

and his enquiry should conform to the rules laid down in the Civil Procedure Code.

'If he thinks fit' may therefore be deleted.

Section 16(2) (Please see remarks on Section 8)

This Section fixes the responsibility on Government on bonds renewed, consolidated or sub-divided and states that renewal does not affect the right of any holder in the renewed bond as against Government. While I have no objection to the retention of this I should think the retention is to be contingent on the modification proposed by me previously in Sections 8 & 9 being adopted.

I understand from Mr. Natesier that the Public Debt Offices in British India get over this trouble, partly by refusing to produce bonds which have been renewed. This has now been incorporated in Section 22. But this does not prevent the party filing a suit and calling for the production of the document. I think the safety is in what I have already proposed.

Section 18.

I have also proposed reduction of the period of limitation for filing such suits under Section 18 to 2 years in strict compliance otherwise to the Limitation Act. This will in a sense, safeguard our interests as 6 years is too long a period especially as regards the personnel of a Government Office. It will be very difficult to fix responsibilities if this long period of six years be allowed in which to file suits.

Section 19.

This Section gives us the final power of adjudicating in cases of and below Rs. 5,000/-. There can be no claim against Government in such cases decided by us. Aggrieved parties have to seek relief only in a Civil Court and that against the men in whose favour the pronotes have been renewed or to whom power to negotiate is given and we are not to be parties to the suit. We may perhaps be called as witnesses only.

Section 19.

This removes the necessity for indemnity bonds with two sureties which we are taking now in the absence of such a salutary provision.

Section 20.

While framing rules the Government of India take only the natural father or mother as guardians. They do not take into consideration the cases of married women, minor and otherwise. ~~I have a recollection that~~ In these cases the husbands are the natural guardians. This has to be gone into while framing the rules.

27/4

Section 21

We have to delete 'in any case arising under any of these Sections' and add in Clause (ii) "without assigning any reason

We are getting cases where, although the transactions superficially appear Bona fide, there will be reasons to suspec the genuineness of the same-reasons which it may neither be desirable nor possible to publish. In a recent case when we had reason to suspect the Bona fides of a chain of endorsements, ~~and~~ we told the party that we would accept the bonds only on ~~t~~his indemnifying us. The party asked us the Section under which we desired the production of Indemnity bonds and stated that in the absence of any specific provision requiring him to give an indemnity bond he would not give the same as the endorse ments were apparently in order. The alteration proposed is to meet such a contingency.

B Nagavendra Rao
19/7
Assistant Comptroller.

CV/19-~~7~~

MYSORE SECURITIES REGULATION

(The references in this note are to the Sections in the Government of India Act No.X-1920)

Comptroller's remarks

Section 4 (1)

The reason for providing for the representative of the deceased in Clause (b) in this Section is explained in the statement of "Object and reasons" given in the Report of the Select Committee on the bill. In cases in which the persons named in the alternative form of endorsements do not include the heirs of the deceased to whom the securities will, in the event of the death of the principal automatically become payable, it is necessary to afford protection to the heirs.

As in practical working, this Clause may present some difficulty, it is necessary to make it clear that the Audit Officer and the Treasury Officer will recognise only the survivor or survivors of the persons to whom the Security is severally payable, even after the death of one of them, until the representative puts forward a claim. This provision is necessary since the Audit Office, in the event of its having to renew the note or the Treasury Officer in the event of having to pay interest thereon, will not be aware of the death of the deceased or, even if they are aware, they cannot refuse to renew the note or pay interest to the survivors of the persons named in the security in anticipation of a claim being put forward by the representative. This may perhaps be provided for in the rules to be issued under Section 24.

In this connection it may be pointed out that Clause (3) of this Sub Section provides for the representative of the deceased preferring a claim against the survivor or survivors under or in respect of any security to which the Sub Section (1) applies. The Sub Section (1) deals with securities that are payable to two or more persons jointly or also to two or more persons severally. It is not clear why no mention is made of the representative in the clause pertaining to securities payable to persons jointly while it is specifically mentioned in the case of securities payable to persons severally.

Section 6 -

In regard to certain public offices of the Government of India, the holders for the time being of each office under Section (6) of the Government of India Act are competent to make or indorse the Government Security by the name of the office. They may also be recognised as such for indorsing our notes. The list of these officers may be included in the Appendix to the rules to be issued under Section (24).

Section 7

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I am doubtful if we can retain this section as proposed by the Assistant Comptroller. The conditions on which Government Securities may be issued to the Rulers of Native States are specified in Rule 38 of the rules appended to the Government of India Security Act. The adoption of this rule or any other would, I think, require the sanction of the Government of India.

Section 8

The Assistant Comptroller considers this Section harmful from the point of view, both of the Public Debt Office and that of the purchaser, for the reasons detailed in his note.

The following points have to be considered if his proposal to lay down the procedure similar to that contained in Sections (35), (36) and (37) of the Negotiable Instrument Regulation, is adopted:-

Section (35) of the Negotiable Instrument Regulation requires a contract being executed in the case of each endorsement without which the indorser is liable to compensate the holder for loss. The insistence of the execution of such a contract in the case of each endorsement would create considerable difficulty and entail enormous work in the examination of endorsements, both in this office and in the treasuries.

Section (36) of the Negotiable Instrument Regulation renders every prior party to the endorsement liable to the holder until the endorsement is satisfied. In the case of Government Promissory Notes the first party and the last party who has to discharge it after maturity is the Government itself and this appears to be the reason for giving the legal heir a right as against the Government to the security as provided in Sub Section (2) of Clause (16). It may not be desirable to impose any restriction which the Government of India have not imposed in respect of their securities, which would render our notes unpopular or even less popular.

As for the protection to be afforded to Government officers referred to in the Assistant Comptroller's note they may always expect the support of Government if what has been done is in good faith and in accordance with the rules laid down for their guidance. It is open to them in all cases of doubt to obtain bonds of indemnity under Section (21).

The above remarks apply also in reference to Section (27) of the Negotiable Instnument Regulation.

Section 13

It may be left to the Investigating Officer to take down evidence on oath or otherwise as he deems necessary.

Section 16(2) -

I personally think that without the protection now afforded to the public under Sub Clause (2) of this Section our pronotes will never be popular. While such protection is afforded in respect of loans discharged under Section (17) it seems equally necessary that it should be afforded also during the period of currency of the loan. As already pointed out, if the conditions imposed by us are more restrictive than those laid down by the Government of India in respect of their securities, our loans will become less attractive.

3045

45

Section 18

The Assistant Comptroller proposes reduction of the period provided in this Section for discharge of liability from 6 to 2 years. In such cases the period has, to some extent, to be fixed more or less arbitrarily. There is no objection to reducing the period, except that we would be following a procedure different from that observed throughout British India.

Section 19.

I agree with the Assistant Comptroller. The decision of the "Prescribed Officer" in these cases is final and no appeal rests with any one for preferring a counter claim. There is therefore no necessity for taking bonds of indemnity as provided in Government Order No.Fl.4090/G.F.6-21 dated 17-2-22 if this provision is embodied in our Securities Regulation.

Section 20.

Subsidiary rules have to be framed for minors as in the rules under the Government of India Security Act.

Section 21.

Under Clause (2) of this Section the "Prescribed Officer" may, I think, refuse to issue a duplicate or to renew a security in cases of the kind contemplated by the Assistant Comptroller and I do not therefore consider it necessary to add the words "without assigning any reason" as proposed by him. A specific provision for the same may if necessary be made under the rules under the Securities Regulation as suggested by the Assistant Comptroller.

J. Satyanarayana Murty

Comptroller.

CV/10-7

NOTIFICATION.

No. 240, *dated* 4*th August* 1924.

Under Rule 7 of the Rules for the conduct of business of the Mysore Legislative Council the accompanying bill to amend the Government Securities Regulation, 1894, is published for general information with the statement of objects and reasons.

THE GOVERNMENT SECURITIES BILL, 192

CONTENTS.

Clauses.

1. Short title, extent and commencement.
2. Definitions.
3. Notice of trust not receivable save as provided
4. Right of survivors of joint or several payees of Government securities.
5. Indorsements to be made on security itself.
6. Holding of Government securities by holders of public offices.
7. Indorser of Government security not liable for amount thereof.
8. Impression of signature on Government securities.

Issue of duplicate, renewed, converted, consolidated or sub-divided securities.

9. Issue of duplicate securities.
10. Renewal of bearer bonds.
11. Renewal of promissory notes.
12. Renewal of promissory notes in case of dispute as to title.
13. Renewal of other securities.
14. Issue of converted, etc., securities.
15. Liability in respect of promissory note renewed, etc.

Discharge.

16. Immediate discharge in certain cases.
17. Discharge in other cases.

Summary procedure in certain cases.

18. Procedure on death of holder of securities not exceeding an aggregate value of five thousand rupees.

Securities held by minors and lunatics.

19. Payment in case of securities held by minors and lunatics.

Indemnity.

20. Indemnity.

Inspection of registers, books and documents.

21. Inspection of documents.

Penalty.

22. Penalty.

Rules.

23. Power to make rules.

Repeals.

24. Repeals.

A REGULATION TO CONSOLIDATE AND AMEND THE LAW RELATING TO GOVERNMENT SECURITIES.

Whereas it is expedient to consolidate and amend the law relating to Government securities; His Highness the Maharaja is pleased to enact as follows:—

Short title, extent and commencement.

1. (*1*) This Regulation may be called the Government Securities Regulation 192 ;

(*2*) It extends to the whole of Mysore;

(*3*) It shall come into force on the first day of—

Definitions.

2. In this Regulation, unless there is anything repugnant in the subject or context.—

(*a*) "Government security" means promissory notes stock-certificates, bearer bonds and all other securities issued by the Government in respect of any loan contracted either before or after the passing of this Regulation and

(*b*) "prescribed" means prescribed by rules made under this Regulation.

Notice of trust not receivable save as provided.

3. (*1*) Save as otherwise provided in or under this Regulation, no notice of any trust in respect of any Government security shall be receivable by the Government.

(*2*) The Government shall not be deemed to have received notice of any trust by reason only of the fact that it has recognised an indorsement on a Government security by an executor or administrator as such, nor shall it inquire into the terms of any will by which such executor or administrator may be bound, but, on being satisfied of the due appointment of such executor or administrator, it shall be entitled to treat him as the full owner of any Government security belonging to the estate of the person whom he represents.

Right of survivors of joint or several payees of Government securities.

4. (1) Notwithstanding anything in section 45 of the Indian Contract Act, 1872 :—

(*a*) when a Government security is payable to two or more persons jointly, and either or any of them dies, the security shall be payable to the survivor or survivors of those persons, and

(*b*) when a Government security is payable to two or more persons severally, and either or any of them dies, the security shall be payable to the survivor or survivors of those persons, or to the representative of the deceased, or to any of them.

(*2*) This section shall apply whether such death occurred or occurs before are after this Regulation comes into force.

(*3*) Nothing herein contained shall affect any claim which any representative of a deceased person may have against the survivor or survivors under or in respect of any security to which sub-section (*1*) applies.

Indorsements to be made on security itself.

5. Notwithstanding anything in section 15 of the Negotiable Instruments Regulation 1917, no indorsement of a Government promissory note shall be valid unless made by the signature of the holder inscribed on the back of the security itself.

Holding of Government securities by holders of public offices.

6. (*1*) In the case of any public office to which the Government may, by notification in the Official Gazette declare this sub-section to apply, a Government security may be made or indorsed payable to or to the order of the holder of the office by the name of the office.

(*2*) When a Government security is made or indorsed as aforesaid, it shall be deemed to be transferred without any or further indorsement from each holder of the office of the succeeding holder of the office on and from the date on which the latter takes charge of the office.

(*3*) When the holder of the office indorses to a third party a Government security made or indorsed as aforesaid, he shall subscribe the indorsement with his name and the name of the office.

(*4*) A writing on a Government security now or heretofore standing in the name of the holder of a public office, whereby the security has been or was made or indorsed payable to or to the order of the holder of the office by the name of the office, shall not be deemed to be or to have been invalid by reason only of the security having been so made or indorsed.

(*5*) This section applies as well to an office of which there are two or more joint holders as to an office of which there is a single holder.

Indorser of Government security not liable for amount thereof.

7. Notwithstanding anything in the Negotiable Instruments Regulation 1917, a person shall not, by reason only of his having indorsed a Government security, be liable to pay any money due, either as principal or as interest, thereunder.

Impression of signature on Government securities

8. (*1*) The signature of the person authorised to sign Government securities on behalf of the Government may be printed, engraved or lithographed, or impressed by such other mechanical process as the Government may direct on the securities.

(*2*) A signature so printed, engraved, lithographed or otherwise impressed shall be as valid as if it had been inscribed in the proper handwriting of the person so authorised.

Issue of duplicate, renewed, converted, consolidated or sub-divided securities.

Issue of duplicate securities.

9. (*1*) When a Government security is alleged to have been lost or destroyed either wholly or in part, and a person claims to be the person to whom but for the loss or destruction it would be payable, he may, on application to the prescribed officer, and on producing proof to his satisfaction of the loss or destruction and of the justice of the claim and on payment of the prescribed fee, if any, obtain from him an order for—

(*a*) the payment of interest in respect of the security said to be lost or destroyed pending the issue of a duplicate security; and

(*b*) the issue of a duplicate security payable to the applicant.

(*2*) An order shall not be passed under sub-section (*1*) until after the issue of the prescribed notification of the loss or destruction.

(*3*) A list of the securities in respect of which an order is passed under sub-section (*1*) shall be published in the prescribed manner.

Renewal of bearer bonds.

10. The holder of a bearer bond or other Government security payable to bearer, may, on application to the prescribed officer, on delivery of the bearer bond or other security, and on payment of the prescribed fee, if any, obtain from such officer a renewed bearer bond or other security, as the case may be.

Renewal of promissory notes.

11. Subject to the provisions of section 12, a person claiming to be entitled to a Government promissory note, may, on applying to the prescribed officer, and on satisfying him of the justice of his claim and delivering the promissory note receipted in the prescribed manner, and paying the prescribed fee, if any, obtain from such officer a renewed promissory note payable to him:

Provided that, when application is made for the renewal of a Government promissory note which appears to the prescribed officer to stand in the name of a deceased member of a Hindu undivided family governed by the *Mitakshara* law, a renewed promissory note shall not be issued to the applicant unless he furnishes a certificate signed by such authority and after such inquiry as may be prescribed to the effect that the deceased belonged to a Hindu undivided family governed by the *Mitakshara* law, that the promissory note formed part of the joint property of the family, and that the applicant is the managing or sole surviving male member of the family.

Renewal promissory notes in case of dispute as to title.

12. (*1*) Where there is a dispute as to the title to a Government promissory note in respect of which an application for renewal has been made, the prescribed officer may—

(*a*) where any party to the dispute has obtained a final dicision from a Court of competent jurisdiction declaring him to be entitled to such note, issue a renewed note in favour of such party, or

(*b*) refuse to renew the note until such a decision has been obtained, or

(*c*) after such inquiry as is hereinafter provided and consideration of the result thereof, declare by order in writing which of the parties is in his opinion entitled to such note and may, after the expiration of three months from the date of such declaration, issue a renewed note in favour of such party in accordance with the provisions of section 11, unless within that period he has received notice that proceedings have been instituted by any person in a Court of competent jurisdiction for the purpose of establishing a title to such note.

Explanation.—For the purposes of this sub-section the expression 'final decision' means a decision which is not appealable or a decision which is appealable but against which no appeal has been filed within the period of limitation allowed by law.

(*2*) For the purpose of the inquiry referred to in sub-section (*1*), the prescribed officer may himself record, or may request the District Magistrate to record or to have recorded, the whole or any part of such evidence as the parties may produce. When such request has been made to the District Magistrate, such Magistrate may himself record or may direct any Magistrate of the first class subordinate to him, or any Magistrate of the second class subordinate to him and empowered by general or special order of the Government in this behalf, to record the evidence, and shall forward a copy thereof to the prescribed officer.

Explanation.—For the purposes of this sub-section, the District Magistrate means the District Magistrate having jurisdiction in the place where interest on the promissory note is payable.

(*3*) The prescribed officer or any Magistrate acting under this section may, if he thinks fit, record evidence on oath.

Renewal of other securities.

13. Government securities other than those mentioned in sections 10 and 11 may be renewed in such circumstances and in such manner as may be prescribed.

Issue of converted, etc., securities.

14. (*1*) The prescribed officer may, subject to such conditions as may be prescribed, on the application of a person claiming to be entitled to a Government security or securities, on being satisfied of the justice of the claim and on delivery of the security or securities receipted in the prescribed manner and on payment of the prescribed fee, if any, convert, consolidate or sub-divide the security or securities, and issue to the applicant a new security or securities accordingly.

(*2*) The conversion, consolidation, or sub-division referred to in sub-section (*1*) may be into a security or securities of the same or different classes or of the same or different loans.

Liability in respect of promissory note renewed, etc.

15. (*1*) When a renewed Government promissory note has been issued under section 11, or a new Government promissory note has been issued upon conversion, consolidation or sub-division under section 14, in favour of any person, the note so issued shall be deemed to constitute a new contract between the Government and such person and all persons deriving title thereafter through him.

(*2*) No such renewal, conversion, consolidation or sub-division shall affect the rights as against the Government of any other person to the security or securities so renewed, converted, consolidated or sub-divided.

Discharge.

Immediate discharge in certain cases.

16. On payment by or on behalf of the Government to the holder of a bearer bond or other Government security payable to bearer of the amount expressed therein on or after the date when it becomes due or on renewal of a bearer bond or other security payable to bearer under section 10, or on renewal of a Government promissory note under section 12, or on conversion, consolidation or sub-division of a bearer bond or other security payable to bearer under section 14, the Government shall be discharged in the same way and to the same extent as if such bearer bond, promissory note or other security were a promissory note payable to bearer:

Provided that, in the case of a Government promissory note renewed under section 12, nothing in this section shall be deemed to bar a claim against the Government in respect of such note by any person who had no notice of the proceedings under that section, or who derives title through any such person.

Discharge in other cases.

17. Save as otherwise provided in this Regulation :—

(*i*) on payment of the amount due on a Government security on or after the date on which payment becomes due, or

(*ii*) when a duplicate security has been issued under section 9, or

(*iii*) when a renewed security has been issued under section 11, or section 12, or a new security or securities has or have been issued upon conversion, consolidation or sub-division under section 14,

the Government shall be discharged from all liability in respect of the security or securities so paid or in place of which a duplicate, renewed, or new security or securities has or have been issued—

(*a*) in the case of payment—after the lapse of six years from the date on which payment was due ;

(*b*) in the case of a duplicate security—after the lapse of six years from the date of the publication under sub-section (*3*) of section 9, of the list in which the security is first mentioned, or from the date of the last payment of interest on the original security, whichever date is later ;

(*c*) in the case of a renewed security or of a new security issued upon conversion, consolidation or sub-division—after the lapse of six years from the date of the issue thereof.

Summary procedure in certain cases.

Procedure on death of holder o securities not exceeding an aggregate value of five thousand rupees.

18. (*1*) If within six months of the death of a person who was entitled to a Government security or securities (other than a security payable to bearer) the nominal or face value of which does not in the aggregate exceed five thousand rupees, probate of the will or letters of administration of the estate of such person or a certificate granted under the Succession Certificate Regulation, 1901, is not produced to the prescribed officer, such officer may, after inquiry in the manner provided in sub-sections (*2*) and (*3*) of section 12, determine who is the person entitled to the security or securities or to administer the estate of the deceased, and may—

(*a*) in the case of any such security relating to a loan due for repayment, authorise payment of the amount due thereon to such person ; and

(*b*) in the case of any such security relating to a loan not due for repayment, authorise, in the case of a promissory note, the renewal of such promissory note in favour of such person, or, in the case of stock, the registration of the name of such person in substitution for the name of the deceased.

(*2*) Upon the payment or renewal of any promissory note, in accordance with sub-section (*1*), the Government shall be discharged from all liability in respect of the note so paid or renewed ; and any substitution of names made in accordonce with clause (*b*) of sub-section (*1*) shall, for the purposes of any claim against the Government, be deemed to have effected a valid transfer of the stock in respect of which it was made.

(*3*) Any creditor or claimant against the estate of the deceased may recover his debt or claim out of money paid to any person under sub-section (*1*) and remaining in his hands unadministered in the same manner and to the same extent as if the said person had obtained letters of administration of the estate of the deceased, and nothing in this section shall affect any claim of an executor or administrator or other representative of the deceased against such person other than a claim to recover amounts lawfully paid by him in due course of administration of the estate of the deceased.

Securities held by minors and lunatics.

Payment in case of securities held by minors and lunatics.

19. Where a Government security stands in the name of or is held by a minor or a person who is insane and incapable of managing his affairs, the interest accruing thereon, or the capital sum payable in respect thereof on the maturity or discharge of the loan, shall, where, in the case of interest payable, the nominal value of the security, or in other cases the sum payable, does not exceed five thousand rupees, be paid in such manner as may be prescribed, and on any payment being so made, the Government shall, notwithstanding any provision of any enactment to the contrary, be discharged from all liability in respect thereof.

Indemnity.

Indemnity.

20. Notwithstanding anything in section 9, 11, 12 or 14, the prescribed officer may in any case arising under any of those sections—

(*i*) issue a duplicate or renewed security or convert, consolidate or sub-divide a security or securities upon the applicant giving the prescribed indemnity against the claims of all persons claiming under the original security or under the security or securities so renewed, converted, consolidated or sub-divided, as the case may be, or

(*ii*) refuse to issue a duplicate or renewed security or to convert, consolidate or sub-divide a security or securities unless such indemnity is given.

Inspection of registers, books and documents.

Inspection of documents.

21. No person shall be entitled to inspect, or to receive information derived from, any Government security in the possession of the Government or from any book, register or other document kept or maintained by or on behalf of Government in relation to Government securities or any Government security, save in such circumstances and manner and subject to such conditions as may be prescribed.

Penalty.

Penalty.

22. (*1*) If any person, for the purpose of obtaining for himself or for any other person payment of interest or of the capital sum due in respect of any Government security, or the issue of a duplicate security, or the renewal, conversion, consolidation or sub-division of a Government security or securities, makes to any authority under this Regulation a statement which is false and which he either knows to be false or does not believe to be true, he shall be punishable with imprisonment for a term which may extend to six months, or with fine, or with both.

(*2*) No Court shall take cognizance of any offence under sub-section (1) save on the complaint of the authority to whom the false statement was made.

Rules.

Power to make rules.

23. (*1*) The Government may after previous publication make rules to carry out the purposes of this Regulation.

(*2*) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely :—

(*a*) the manner in which payment of interest in respect of Government securities is to be made and acknowledged ;

(*b*) the circumstances in which Government securities must be renewed before further payment of interest thereon can be claimed ;

(*c*) the fees to be paid in respect of the issue of duplicate securities and of the renewal, conversion, consolidation and sub-division of Government securities ;

(*d*) the proof which is to be produced by persons applying for duplicate securities ;

(*e*) the form and manner of publication of the notification mentioned in sub-section (*2*) of section 9 and the manner of publication of the list mentioned in sub-section (3) of that section ;

(*f*) the officer who is to exercise all or any of the powers and to perform all or any of the duties referred to in sections 9, 10, 11, 12, 14, 18 and 20 ;

(*g*) the manner of making the inquiry mentioned in the provisio to section 11 ;

(*h*) the circumstances and the manner in which securities other than securities payable to bearer or promissory notes are to be renewed ;

(*i*) the form in which securiries delivered for discharge, renewal, conversion, consolidation or sub-division are to be receipted ;

( ) the conditions subject to which securities may be converted, consolidated or sub-divided ;

(*k*) the person to whom and the manner in which payments are to be made in respect of Government securities standing in the name of, or held by, minors or persons who are insane and incapable of managing their affairs ;

(*l*) the taking of indemnities against adverse claims of third parties from persons who receive payment of interest or of the capital sum due in respect of Government securities, or who obtain duplicate, renewed, converted, consolidated or sub-divided securities :

(*m*) the manner in which any document relating to Government securities or any indorsement on a Government promissiory note may, on the demand of any person who from any cause is unable to write, be executed on his behalf ;

(*n*) enabling holders of Government stock to be described in the registers of such stock as trustees, and either as trustees of any particular trust or as trustees without qualification, and for the recognition of powers of attorney granted by holders of stock so described ;

(*o*) the holding of Government stock by the holders of offices other than public offices, and the manner in which and the conditions subject to which stock so held may be transferred ;

(*p*) the mode of attestation of documents relating to Government stock ;

(*q*) generally, all matters connected with the grant of duplicate, renewed, converted, consolidated and sub-divided securities ; and

(*r*) the circumstances and the manner in which and the conditions subject to which inspection of securities, books, registers and other documents may be allowed or information therefrom may be given under section 21.

(*3*) Nothing in any rules made under clauses (*n*) and (*o*) shall, as between any trustees or as between any trustees and the beneficiaries under a trust, be deemed to authorise the trustees to act otherwise than in accordance with the rules of law applying to the trust and the terms of the instrument constituting the trust ; and neither the Government nor any person holding or acquiring any interest in any Government stock shall, by reason only of any entry in any register maintained by or on behalf of the Government in relation to any Government stock or any stockholder, or of anything in any document relating to Government stock, be affected with notice of any trust or of the fiduciary character of any stockholder or of any fiduciary obligation attaching to the holding of any Government stock.

(4) Rules made under this section shall be published in the Official Gazette, and shall thereupon have effect as if enacted in this Regulation.

Repeals.

Repeals. 25. On and from the date on which this Regulation comes into force, the Government Securities Regulation, 1894, shall be repealed.

Statement of Objects and Reasons.

The question of providing special facilities in cases of small holdings in Government securities of which the holder has died or is a minor has been raised, and it is proposed to amend the Government Securities Regulation, 1894, in order to provide for such facilities. Opportunity is also taken of adopting the changes made in the British Indian Law by the consolidating Act X of 1920. The principal changes introduced by this Act besides the one mentioned above are:—

(*a*) To legalise certain matters in the existing practice and procedure which it is desirable to maintain, but of which the legal basis is at present doubtful;

(*b*) To obviate difficulties and delays which are at present liable to occur, in cases of disputed or doubtful claims on promissory notes, in discovering who is the Government's legal creditor in respect of such notes, and

(*c*) to relax the present procedure in certain matters, such as receiving notice of a trust and securities held by office holders.

The annexed Bill has been prepared adopting the British Indian Consolidating Act X of 1920.

By Order,
R. RANGA RAO,
Secretary, Legislative Council.

NOTIFICATION.

No. 2653, dated Bangalore 26th February 1925.

Under Standing Order No. 49 of the standing orders for the conduct of business and procedure of the Legislative Council published in Notification No. P. 4349—Legis. 13-23-24, dated 5th February 1924, the accompanying report of the Select Committee on the Bill to amend the Government Securities Regulation, 1894, is published for information.

By Order,

R. RANGA RAO,

Secretary, Legislative Council.

REPORT OF THE SELECT COMMITTEE ON THE BILL TO AMEND THE GOVERNMENT SECURITIES REGULATION, 1894.

We the Members of the Select Committee appointed to consider the report on the Bill to consolidate and amend the law relating to Government Securities beg to recommend that the Bill may be passed with the following changes:—

(1) In section 1, clause (3) substitute the words 'at once' for the words 'on the first day of'

(2) At the end of section 11, add the following:—

Explanation: The expression 'Hindu undivided family governed by the Mitakphara Law' shall for the purpose of this section, be deemed to include a Malabar *tarwad*.

In view of the fact that we have made no material alteration in the Bill, we do not consider it necessary to publish the Bill as approved by us in the Gazette

(Sd). MIR HAMZA HUSEIN (*Chairman*).
„ K. MATTHAN.
„ B. NAGAPPA.
„ H. CHENNAYA.
„ M. N. KRISHNA RAO.
„ H. VENKATARAMIAH. } Signed subject to certain observations appended).
„ B. NARASINGA RAO. }

*MR. B. K. GARUDACHAR WAS ABSENT.

†MR. B. NARASINGA RAO'S OBSERVATIONS.

"I sign this report subject to the following observations:—

It is of primary and paramount importance to protect the interests of minors and lunatics. Under clause 23 (K), the power to frame rules is sufficiently wide and elastic. I therefore, respectfully recommend that the Government in framing the rules, will make sufficient provision as to the taking of indemnity or security, as the case may be, before the money is being paid to any person who is not a certificated or natural guardian and who may allege himself to be the *de fecto* guardian under whose protection, the minor or lunatic may for the time being remain."

MR. H. VENKATARAMIAH'S OBSERVATIONS.

I sign this report with a note that in rules prescribed for the payment of capital of securitles standing or held in the name of a minor or an insane person under section 19, provision has to be made for taking security when the amount exceeds rupees two thousand in order to safeguard the interests of such person.

G. R. S. VI.—s-III/14]

DRAFT.

SUBJECT.....

.....

.....

Section. Legs
File No. 2-20
Serial No. 1

Proceedings of the Government of H. H. the Maharaja of Mysore.

Diary No. of letter replied to.....

GENERAL AND REVENUE SECRETARIAT,

( )

, *the*.....*191* .

Date of issue.....16/7/25

Signed by.....

Order No.....216 Gen dt 16.7.25

Ordered that the accompanying Govt. Securities Regulation

.....

which received the assent of His Highness the Maharaja, on the seventh day of July 1925, be published as Regulation No. VIII of 1925, in the *Mysore Gazette* for general information.

Secretary to Government.

May this be—

(i) Printed?

(ii) Treated as a standing order?

(iii) Published in the "Gazette" English part?

(iv) Translated?

(v) Placed at the disposal of the Press?

(vi) Published in the "Gazette" Kannada part?

To

The Compiler, *Mysore Gazette*, for publication in Part III of the Gazette, in English and Kannada and for supply of .....spare copies in English, and .....spare copies in Kannada as per standing orders to this office, and.....spare copies in English and.....spare copies in Kannada to the Curator, Government Central Book Depot, Bangalore. Proofs should be sent to this office for approval before publication.

Copy to Draftsmen 2 Regd.

REGULATION, VIII OF 1925.

(RECEIVED THE ASSENT OF HIS HIGHNESS THE MAHARAJA ON THE NINTH DAY OF JULY 1925.)

THE GOVERNMENT SECURITIES REGULATION, 1925.

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5. Indorsements to be made on security itself.
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Issue of duplicate, renewed, converted, consolidated or sub-divided securities.

9. Issue of duplicate securities.
10. Renewal of bearer bonds.
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A REGULATION TO CONSOLIDATE AND AMEND THE LAW RELATING TO GOVERNMENT SECURITIES.

Whereas it is expedient to consolidate and amend the law relating to Government securities; His Highness the Maharaja is pleased to enact as follows:—

Short title, extent and commencement.

1. (*1*) This Regulation may be called the Government Securities Regulation 1925;

(2) It extends to the whole of Mysore;

(3) It shall come into force at once.

Definitions.

2. In this Regulation, unless there is anything repugnant in the subject or context,—

(*a*) "Government security" means promissory notes, stock-certificates, bearer bonds and all other securities issued by the Government in respect of any loan contracted either before or after the passing of this Regulation; and

(*b*) "prescribed" means prescribed by rules made under this Regulation.

Notice of trust not receivable save as provided.

3. (*1*) Save as otherwise provided in or under this Regulation, no notice of any trust in respect of any Government security shall be receivable by the Government.

(*2*) The Government shall not be deemed to have received notice of any trust by reason only of the fact that it has recognised an indorsement on a Government security by an executor or administrator as such, nor shall it inquire into the terms of any will by which such executor or administrator may be bound, but, on being satisfied of the due appointment of such executor or administrator, it shall be entitled to treat him as the full owner of any Government security belonging to the estate of the person whom he represents.

Survivors of joint or several payees of Government securities.

4. (*1*) Notwithstanding anything in Section 45 of the Indian Contract Act, 1872,—

(*a*) when a Government security is payable to two or more persons jointly, and either or any of them dies, the security shall be payable to the survivor or survivors of those persons, and

(*b*) when a Government security is payable to two or more persons severally, and either or any of them dies, the security shall be payable to the survivor or survivors of those persons, or to the representative of the deceased, or to any of them.

(*2*) This section shall apply whether such death occurred or occurs before or after this Regulation comes into force.

(3) Nothing herein contained shall affect any claim which any representative of a deceased person may have against the survivor or survivors under or in respect of any security to which sub-section (1) applies.

Indorsement to be made on security itself.

5. Notwithstanding anything in Section 15 of the Negotiable Instruments Regulation, 1917, no indorsement of a Government promissory note shall be valid unless made by the signature of the holder inscribed on the back of the security itself.

Holding of Government securities by holders of public offices

6. (1) In the case of any public office to which the Government may, by notification in the Official Gazette, declare this sub-section to apply, a Government security may be made or indorsed payable to or to the order of the holder of the office by the name of the office.

(2) When a Government security is made or indorsed as aforesaid, it shall be deemed to be transferred without any or further indorsement from each holder of the office to the succeeding holder of the office on and from the date on which the latter takes charge of the office.

(3) When the holder of the office indorses to a third party a Government security made or indorsed as aforesaid, he shall subscribe the indorsement with his name and the name of the office.

(4) A writing on a Government security now or heretofore standing in the name of the holder of a public office, whereby the security has been or was made or indorsed payable to or to the order of the holder of the office by the name of the office, shall not be deemed to be or to have been invalid by reason only of the security having been so made or indorsed.

(5) This section applies as well to an office of which there are two or more joint holders as to an office of which there is a single holder.

Indorser of Government security not liable for amount thereof.

7. Notwithstanding anything in the Negotiable Instruments Regulation, 1917, a person shall not, by reason only of his having indorsed a Government security, be liable to pay any money due, either as principal or as interest, thereunder.

Impression of signature on Government securities.

8. (1) The signature of the person authorised to sign Government securities on behalf of the Government may be printed, engraved or lithographed, or impressed by such other mechanical process as the Government may direct, on the securities.

(2) A signature so printed, engraved, lithographed or otherwise impressed shall be as valid as if it had been inscribed in the proper handwriting of the person so authorised.

Issue of duplicate, renewed, converted, consolidated or sub-divided securities.

Issue of duplicate securities.

9. (1) When a Government security is alleged to have been lost or destroyed either wholly or in part, and a person claims to be the person to whom, but for the loss or destruction

it would be payable, he may, on application to the prescribed officer, and on producing proof to his satisfaction of the loss or destruction and of the justice of the claim and on payment of the prescribed fee, if any, obtain from him an order for—

(*a*) the payment of interest in respect of the security said to be lost or destroyed pending the issue of a duplicate security ; and

(*b*) the issue of a duplicate security payable to the applicant.

(*2*) An order shall not be passed under sub-section (1) until after the issue of the prescribed notification of the loss or destruction.

(*3*) A list of the securities in respect of which an order is passed under sub-section (*1*) shall be published in the prescribed manner.

Renewal of bearer bonds.

10. The holder of a bearer bond or other Government security payable to bearer, may, on application to the prescribed officer, on delivery of the bearer bond or other security, and on payment of the prescribed fee, if any, obtain from such officer a renewed bearer bond or other security, as the case may be.

Renewal of promissory notes.

11. Subject to the provisions of Section 12, a person claiming to be entitled to a Government promissory note, may on applying to the prescribed officer, and on satisfying him of the justice of his claim and delivering the promissory note receipted in the prescribed manner, and paying the prescribed fee, if any, obtain from such officer a renewed promissory note payable to him :

Provided that, when application is made for the renewal of a Government promissory note which appears to the prescribed officer to stand in the name of a deceased member of a Hindu undivided family governed by the *Mitakshara* law, a renewed promissory note shall not be issued to the applicant unless he furnishes a certificate signed by such authority and after such inquiry as may be prescribed to the effect that the deceased belonged to a Hindu undivided family governed by the *Mitakshara* law, that the promissory note formed part of the joint property of the family, and that the applicant is the managing or sole surviving male member of the family.

Explanation.—The expression "Hindu undivided family governed by the Mitakshara law" shall for the purpose of this section, be deemed to include a Malabar tarwad.

Renewal of promissory notes in case of dispute as to title.

12. (*1*) Where there is a dispute as to the title to a Government promissory note in respect of which an application for renewal has been made, the prescribed officer may—

(*a*) where any party to the dispute has obtained a final decision from Court of competent jurisdiction declaring him to be entitled to such note, issue a renewed note in favour of such party, or

(*b*) refuse to renew the note until such a decision has been obtained, or

(*c*) after such inquiry as is hereinafter provided and consideration of the result thereof, declare by order in writing which of the parties is in his opinion entitled to such note and may, after the expiration of three months from the date of such declaration, issue a renewed note in favour of such party in accordance with the provisions of Section 11, unless within that period, he has received notice that proceedings have been instituted by any person in a Court of competent jurisdiction for the purpose of establishing a title to such note.

Explanation.—For the purposes of this sub-section, the expression 'final decision' means a decision which is not appealable or a decision which is appealable, but against which no appeal has been filed within the period of limitation allowed by law.

(*2*) For the purpose of the inquiry referred to in sub-section (*1*), the prescribed officer may himself record, or may request the District Magistrate to record or to have recorded the whole or any part of such evidence as the parties may produce. When such request has been made to the District Magistrate, such Magistrate may himself record or may direct any Magistrate of the first class subordinate to him, or any Magistrate of the second class subordinate to him and empowered by general or special order of the Government in this behalf, to record the evidence, and shall forward a copy thereof to the prescribed officer.

Explanation.—For the purposes of this sub-section, the District Magistrate means the District Magistrate having jurisdiction in the place where interest on the promissory note is payable.

(*3*) The prescribed officer or any Magistrate acting under this section may, if he thinks fit, record evidence on oath.

Renewal of other securities.

13. Government securities other than those mentioned in Sections 10 and 11 may be renewed in such circumstances and in such manner as may be prescribed.

Issue of converted, etc., securities.

14. (*1*) The prescribed officer may, subject to such conditions as may be prescribed, on the application of a person claiming to be entitled to a Government security or securities, on being satisfied of the justice of the claim and on delivery of the security or securities receipted in the prescribed manner and on payment of the prescribed fee, if any, convert, consolidate or sub-divide the security or securities, and issue to the applicant a new security or securities accordingly.

(*2*) The conversion, consolidation, or sub-division referred to in sub-section (*1*) may be into a security or securities of the same or different classes or of the same or different loans.

Liability in respect of promissory note renewed, etc.

15. (*1*) When a renewed Government promissory note has been issued under Section 11, or a new Government promissory note has been issued upon conversion, consolidation or sub-division under Section 14, in favour of any person, the note so issued shall be deemed to constitute a new contract between the Government and such person and all persons deriving title thereafter through him.

(*2*) No such renewal, conversion, consolidation or sub-division shall affect the rights as against the Government of any other person to the security or securities so renewed, converted, consolidated or sub-divided.

Discharge.

Immediate discharge in certain cases.

16. On payment by or on behalf of the Government to the holder of a bearer bond or other Government security payable to bearer of the amount expressed therein on or after the date when it becomes due or on renewal of a bearer bond or other security payable to bearer under Section 10, or on renewal of a Government promissory note under Section 12, or on conversion, consolidation or sub-division of a bearer bond or other security payable to bearer under Section 14, the Government shall be discharged in the same way and to the same extent as if such bearer bond, promissory note or other security were a promissory note payable to bearer.

Provided that, in the case of a Government promissory note renewed under Section 12, nothing in this section shall be deemed to bar a claim against the Government in respect of such note by any person who had no notice of the proceedings under that section, or who derives title through any such person.

Discharge of other cases.

17. Save as otherwise provided in this Regulation—

(*i*) on payment of the amount due on a Government security on or after the date on which payment becomes due, or

(*ii*) when a duplicate security has been issued under Section 9, or

(*iii*) when a renewed security has been issued under Section 11, or Section 12, or a new security or securities has or have been issued upon conversion, consolidation or sub-division under Section 14,

the Government shall be discharged from all liability in respect of the security or securities so paid or in place of which a duplicate, renewed, or new security or securities has or have been issued—

(*a*) in the case of payment—after the lapse of six years from the date on which payment was due;

(*b*) in the case of a duplicate security—after the lapse of six years from the date of the publication under sub-section (3) of Section 9 of the list in which the security is first mentioned or from the date of

the last payment of interest on the original security, whichever date is later;

(c) in the case of a renewed security or of a new security issued upon conversion, consolidation or subdivision—after the lapse of six years from the date of the issue thereof.

Summary procedure in certain cases.

Procedure on death of holder of securities not exceeding an aggregate value of five thousand rupees.

18. (1) If within six months of the death of a person who was entitled to a Government security or securities, (other than a security payable to bearer) the nominal or face value of which does not in the aggregate exceed five thousand rupees, probate of the will or letters of administration of the estate of such person or a certificate granted under the Succession Certificate Regulation, 1901, is not produced to the prescribed officer, such officer may, after inquiry in the manner provided in sub-sections (2) and (3) of Section 12, determine who is the person entitled to the security or securities or to administer the estate of the deceased, and may—

(a) in the case of any such security relating to a loan due for repayment, authorise payment of the amount due thereon to such person; and

(b) in the case of any such security relating to a loan not due for repayment, authorise, in the case of a promissory note, the renewal of such promissory note in favour of such person, or, in the case of stock the registration of the name of such person in substitution for the name of the deceased.

(2) Upon the payment or renewal of any promissory note in accordance with sub-section (1), the Government shall be discharged from all liability in respect of the note so paid or renewed; and any substitution of names made in accordance with clause (b) of sub-section (1) shall, for the purposes of any claim against the Government, be deemed to have effected a valid transfer of the stock in respect of which it was made.

(3) Any creditor or claimant against the estate of the deceased may recover his debt or claim out of money paid to any person under sub-section (1) and remaining in his hands unadministered in the same manner and to the same extent as if the said person had obtained letters of administration of the estate of the deceased, and nothing in this section shall affect any claim of an executor or administrator or other representative of the deceased against such person other than a claim to recover amounts lawfully paid by him in due course of administration of the estate of the deceased.

Securities held by minors and lunatics.

Payment in case of securities held by minors and lunatics.

19. Where a Government security stands in the name of or is held by a minor or a person who is insane and incapable of managing his affairs, the interest accruing thereon, or the capital sum payable in respect thereof on the maturity or discharge of

the loan, shall, where, in the case of interest payable, the nominal value of the security, or in other cases the sum payable, does not exceed five thousand rupees, be paid in such manner as may be prescribed, and on any payment being so made, the Government shall, notwithstanding any provision of any enactment to the contrary, be discharged from all liability in respect thereof.

Indemnity.

Indemnity.

20. Notwithstanding anything in Sections 9, 11, 12 or 14, the prescribed officer may in any case arising under any of those sections—

(*i*) issue a duplicate or renewed security or convert, consolidate or sub-divide a security or securities upon the applicant giving the prescribed indemnity against the claims of all persons claiming under the original security or under the security or securities so renewed, converted, consolidated or sub-divided, as the case may be, or

(*ii*) refuse to issue a duplicate or renewed security or to convert, consolidate or sub-divide a security or securities unless such indemnity is given.

Inspection of registers, books and documents.

Inspection of documents.

21. No person shall be entitled to inspect, or to receive information derived from, any Government security in the possession of the Government or from any book, register or other document kept or on maintained by or on behalf of Government in relation to Government securities or any Government security save in such circumstances and manner and subject to such conditions as may be prescribed.

Penalty.

Penalty.

22. (*1*) If any person, for the purpose of obtaining for himself or for any other person, payment of interest or of the capital sum due in respect of any Government security, or the issue of a duplicate security, or the renewal, conversion, consolidation or sub-division of a Government security or securities, makes to any authority under this Regulation, a statement which is false and which he either knows to be false or does not believe to be true, he shall be punishable with imprisonment for a term which may extend to six months, or with fine, or with both.

(2) No Court shall take cognizance of any offence under sub-section (1) save on the complaint of the authority to whom the false statement was made.

Rules.

Power to make rules.

23. (*1*) The Government may after previous publication make rules to carry out the purposes of this Regulation.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters namely :—

(a) the manner in which payment of interest in respect of Government securities is to be made and acknowledged ;

(b) the circumstances in which Government securities must be renewed before further payment of interest thereon can be claimed ;

(c) the fees to be paid in respect of the issue of duplicate securities and of the renewal, conversion, consolidation and sub-division of Government securities ;

(d) the proof which is to be produced by persons applying for duplicate securities ;

(e) the form and manner of publication of the notification mentioned in sub-section (2) of Section (9) and the manner of publication of the list mentioned in sub-section (3) of that section :

(f) the officer who is to exercise all or any of the powers and to perform all or any of the duties referred to in Sections 9, 10, 11, 12, 14, 18 and 20 ;

(g) the manner of making the inquiry mentioned in the proviso to Section 11 ;

(h) the circumstances and the manner in which securities other than securities payble to bearer or promissory notes are to be renewed ;

(i) the form in which securities delivered for discharge, renewal, conversion, consolidation or sub-division are to be receipted ;

(j) the conditions subject to which securities may be converted, consolidated or sub-divided

(k) the person to whom and the manner in which payments are to be made in respect of Government securities standing in the name of, or held by, minors or persons who are insane and incapable of managing their affairs ;

(l) the taking of indemnities against adverse claims of third parties from persons who receive payment of interest or of the capital sum due in respect of Government securities, or who obtain duplicate, renewed, converted, consolidated or sub-divided securities ;

(m) the manner in which any document relating to Government securities or any indorsement on a Government promissory note may, on the demand of any person who from any cause is unable to write, be executed on his behalf ;

(n) enabling holders of Government stock to be described in the registers of such stock as trustees and either

as trustees of any particular trust or as trustees without qualification, and for the recognition of powers of attorney granted by holders of stock so described;

(*o*) the holding of Government stock by the holders of offices other than public offices, and the manner in which and the conditions subject to which stock so held may be transferred;

(*p*) the mode of attestation of documents relating to Government stock;

(*q*) generally, all matters connected with the grant of duplicate, renewed, converted, consolidated and sub-divided securities; and

(*r*) the circumstances and the manner in which and the conditions subject to which inspection of securities, books, registers and other documents may be allowed or information therefrom may be given under Section 21.

(3) Nothing in any rules made under clauses (*n*) and (*o*) shall, as between any trustees or as between any trustees and the beneficiaries under a trust, be deemed to authorise the trustees to act otherwise than in accordance with the rules of law applying to the trust and the terms of the instrument constituting the trust; and neither the Government nor any person holding or acquiring any interest in any Government stock shall by reason only of any entry in any register maintained by or on behalf of the Government in relation to any Government stock or any stockholder, or of anything in any document relating to Government stock, be affected with notice of any trust or of the fiduciary character of any stockholder or of any fiduciary obligation attaching to the holding of any Government stock.

(4). Rules made under this section shall be publised in the Official Gazette, and shall thereupon have effect as if enacted in this Regulation.

Repeals.

24. On and from the date on which this Regulation comes into force, the Government Securities Regulation, 1894, shall be repealed.

A. R. BANERJI,
Dewan.